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principles

for successful

# Public Private Partnerships

## Urban Land Institute

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**#1 Prepare Properly for Public/Private Partnerships**

- Inform:** fact sheets, web sites, open houses
- Consult:** public comment, focus groups, surveys
- Involve:** workshops, deliberate polling
- Collaborate:** citizen advisory committees,  
consensus building
- Empower:** citizen juries, ballots, delegated  
decisions

# What has been done in Carson City to prepare for PPP?

Inform:

[www.downtownanswers.com](http://www.downtownanswers.com)



Involve &

Consult:



Carson City's master plan was built from three years of scenario analysis, research and involvement from more than 18,000 citizens. *Envision Carson City* was passed in 2006. The plan calls for compact urban growth and mixed-use activity centers – especially within the downtown.

Collaborate:

Redevelopment Authority Citizens Committee

Empower:

Downtown Mixed – Use Zoning and Development Code  
\_passed 2006

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## #2 Create a Shared Vision

Cast a wide net.

Get the word out.

Connect with media.

Sustain the vision.

- » Strategy for implementation
- » Funding
- » Partners
- » Timeline
- » Ensure vision can endure the test of time.

# What has been done in Carson City to create a shared vision?

## Cast a wide net:



Led by 300+ engaged citizens, to give strength to the Master Plan's pursuits, the community aligned to create the Carson City Downtown Consortium (CCDC). The CCDC worked to lead downtown redevelopment implementation efforts via an "action group" structure.

In 2008, the Consortium's spirit of community combined with its spirit of enterprise put into action the pieces of a healthy downtown and included delivering events, beautification and clean up efforts, engaging reserve police officers to ensure greater safety, assessed what kind of civic anchor would be the best focus for downtown and recommended a central library, reviewed in-town housing needs, made recommendations about how to develop more downtown businesses and focused on improving the way we get around by bike, foot, car and public transit.

**Get the word out.** Downtown Answers newsletters: 7 monthly issues between 2007\_2008

**Connect w/ media** Since Nov. 5, 2009 alone **75** stories have been run or broadcast about the project from local, regional and national media outlets.

## Sustain the vision.

- Implementation: CCDC Briefing Papers presented to Board of Supervisors 2008 (in back of room)
- Funding: Redevelopment Funds allocated to street life & beautification efforts
- Partners: Secured Carson Nugget, Inc. / Mae B. Adams Trust / Hop & Mae Adams Foundation as primary land partner
- Timeline: What we're addressing now.

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## #3 Understand Your Partners and Key Players

- Government
- Stakeholders
- Nonprofit Organizations
- For-Profit Interests

# What has been done to understand partners, key players?

- Government
  - Board of Supervisors validated project's public purpose Dec.10, 2009 and directed Office of Business Development to forward partnership opportunity.
- Stakeholders
  - Carson City Nugget Development Citizen Advisory Committee appointed representing community stakeholders
- Nonprofit Organizations
  - Hop and Mae Adams Foundation whose mission it is to serve the youth of Carson City through educational opportunities that lead to jobs.
- For-Profit Interests
  - **To date the Carson Nugget, Inc. has spent approximately \$400,000.00** on important studies, industry experts and specialized consultants to fund pre-development work, and help set up the proposed project
  - Additional for-profit resources to be determined with selection of master developer.

## #4 Be Clear on the Risks and Rewards for All Parties

### RISKS

- Public:** Conflicts of interest, perceived or real
- Private:** Excessive costs of development, unprofitable
- Public:** Use/misuse of public funds, resources, perceived or real
- Private:** Time-consuming process required; time is money
- Public:** Controversial impacts on those directly affected:
- Land use conflicts with adjacent property owners
  - Dislocation by condemnation
  - Relocation costs and procedures
  - Disagreements on fair market value
- Private:** Failure to create long term value.
- Public:** Developer fails to perform or goes out of business
- Private:** Change in key public, political, or staff leadership that derails partnership
- Public:** Public opposition, NIMBYism
- Private:** Market shortfall, failure
- Public:** Liability impacts
- Private:** Untimely public airing of critical project details, especially financing
- Private:** Liability impacts

### REWARDS

- Public:** **Job creation.**
- Private:** Resources to sustain organization
- Public:** **Increased taxes, other revenue**
- Private:** Profitability
- Public:** **Job retention**
- Private:** Value wealth creation.
- Public:** **Greater community wealth, tax base, public infrastructure.**
- Private:** Enhanced reputation, experience to get next project
- Public:** **Community betterment, enhanced quality of life**
- Private:** Market niche
- Public:** **Promote and advance City image.**
- Private:** Community betterment, enhanced quality of life
- Public:** **Reelection**

# How does this project assess risks and rewards?

## **RISK:**

Private takes the risk of design, construction and financing of the project

Note- Developer is at risk for all aspects of the project while the public agency is at risk for paying annual finance costs.

## **SCHEDULE:**

Private reviews entire scope of project and guarantees the design and specifications ensuring delivery of the highest quality project.

Note- Developer views the project from an owner's point of view and does not allow for substitutes that compromise the quality of the project.

## **QUALITY:**

Private partner reviews entire scope of the project and guarantees the design and specifications. This ensures delivery of the highest quality project.

Note- Development views the project from an owner's point of view and does not allow for substitutions that compromise the quality of the project.

## **FINANCING:**

Private partner is able to finance the public agency's project.

Note- Development, through its financial partners, is able to bring funding resources not commonly available to public agencies to bridge the budget gap. As an example, Carson City has no available resources to up-front project costs.

## **BUDGET CONTROL:**

The budget is guaranteed by the private partner as soon as the scope of the project is agreed upon. The developer is at risk for cost escalation and overruns.

Note- Development provides a Guaranteed Maximum Price and Contracted Schedule.

## **STAFFING REQUIREMENTS:**

Private partner performs many of the tasks needed in house.

Note- Development provides these tasks in house, there is a net cost savings to the project.

## **NUMBER OF CONTRACTS ISSUED:**

One

Note- Development anticipates one project manager for the entire project who works with the public partner and is available on a daily basis.

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## #5 Establish a Clear and Rational Decision-Making Process

- Define roles and responsibilities
- Create checks and balances
- Prevent sidetracking by special interests

# What is this project's decision making process?

## Roles Responsibilities Including Integrated Checks and Balances

### Carson Nugget, Inc.

- Drive the project and provide experts to help vet the project pieces to make sure it is win-win for all partners
- Interview and vet the Developer candidates
- Select Developer
- Provide input into project design

### Hop and Mae B. Adams Foundation

- Nugget will donate the real property necessary for development to the Hop and Mae Adams Foundation
- Review Developer selection
- Lease land to City/Authority for public improvements
- Lease land to Developer for commercial improvements
- Provide input for overall project design
- Receive rental income from ground leases
- Rental income to be used for future projects and programs for the benefit of Carson City youth and to create employment for the residents of Carson City

### Carson City

- Review of Developer selection process and actual selection
- Sublease land to Developer to construct public improvements
- Sublease land back from Developer upon completion of public improvements
- Provide input to Developer on project design
- Cooperate with Developer during construction with regard to permitting, inspections, traffic flow, security, streets
- Pay management fee to Developer commencing at pre-construction phase. Future management fees and development fee included in construction loan
- Pay debt service on construction financing and rentals on public portion of ground leases as *contract to pay*

### Developer

- Cooperate with the Request For Information and vetting process
- Lease project land as tenant
- Finance project construction on the strength of Development Coordination Agreement with City/Agency and leases
- Design project in consultation with other project partners
- Employ design team, general contractor(s) and required consultants
- Cause contractors to post sufficient performance and completion bonds and other insurance
- Provide Guaranteed Maximum Price ("GMP") and final Schedule of Performance to development partners
- Complete project in accordance with GMP and Schedule
- Lease public improvements to City/Authority upon final completion with terms agreed to by City
- Lease commercial improvements to state and private businesses upon final completion of commercial buildings
- Cause rental on ground leases to be paid to the Hop and Mae Adams Foundation

# **Nugget Project Roles and Responsibilities continued .....**

## **Miscellaneous Terms**

- Developer will cause contractors to pay prevailing wage on all contracts.
- Developer will cause contractors to employ local subcontractors, labor and materials wherever possible and feasible.
- Developer will employ local professionals, i.e., attorneys, consultants, designers wherever possible and feasible.
- Public funds will only be used to pay for public improvements.
- All project partners will make diligent efforts to secure long-term leases with state agencies for commercial office spaces prior to commencement of construction.
- Developer will manage the project and will attend meetings and make regular reports to the other project partners.
- Developer will communicate with the public throughout the project.
- Developer will enter into a Master Development Agreement with the other project partners which will set forth the above terms plus:
  - Preliminary project Pro Forma;
  - Preliminary Development Schedule;
  - Transfer of Property required for the project;
  - Developer's exclusive right to complete project and to negotiate with project partners for future development of the project site, including future entertainment venue and residential component – if feasible
  - An obligation for the project partners to negotiate and enter into a general parking plan and joint use agreement;
  - Other project deadlines including completion of final Development Disposition Agreement (“DDA”) which shall contain final GMP and Schedule;
  - Reimbursement of Developer costs in the event the project is cancelled through no fault of Developer;
  - Other deliverables and responsibilities of project partners.
- Developer understands the financing constraints of the City and the Agency, including the debt limitations of both the City and the Agency and will assemble a financing plan that takes those constraints into consideration.

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## #6 Make Sure All Parties Do Their Homework

- Continue due diligence
- Share information
- Pursue creative public/private financing plans

# How has the project done it's homework to date?

- due diligence
  - » Thorough understanding of Envision Carson City
  - » Thorough understanding of CC DT-MU
  - » Downtown Market Demand Study – Applied Analysis
  - » Nugget Economic Development Economic Analysis and Business Impact – Meridian Business Advisors
  - » Verification of cost of 1/8 cent sales tax increase – Meridian Business Advisors
  - » Assembled necessary land
  - » Funded all necessary reports and industry experts
  
- shared information
  - » Carson Nugget, Inc. funded studies have all been shared with Carson City Board of Supervisors
  
- Pursue creative public/private financing plans
  - » Seeking master developer to assume all financial risk

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## #7 Secure Consistent and Coordinated Leadership

### Champions

- Helping define goals
- Building broad constituencies
- Bringing right parties around the table
- Coordinating process
- Bridging private project management with political leadership
- Providing stakeholders who are not financially involved an opportunity
- Keeping everyone on point so project does not languish

# How is this project being consistently coordinated and led?

Goals defined by:

- Carson City's Master Plan, EnVision Carson City
- Carson City Downtown Mixed Use Zoning and Development Code
- Carson City Board of Supervisors Strategic Goals

Broad constituencies built through:

- Outreach and communications
- Local media
- Carson City Board of Supervisors
- Carson City Library Board of Trustees

Parties around the table include:

- Carson City Library
- Carson City
- WNC
- Hop and Mae Adams Foundation

Process coordinated through:

- Carson City Mayor and Board of Supervisors
- Carson City Manager
- Carson City District Attorney

Private project management with political leadership includes:

- Nugget Economic Development Team
- Carson City Mayor, Bob Crowell
- Carson City Board of Supervisors

All stakeholders opportunity

- Carson City Nugget Development Advisory Committee
- Any citizen of Carson City has access to Nugget Development Team

Project on point so project does not languish

- Carson City & Nugget Economic Development Team

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## #8 Communicate Early and Often

- » Internal communication
- » External communication

# How is the project communicating early and often?

- Internal
  - Weekly meetings at the City Manager's request of City officials and Nugget Economic Development project managers
  - Weekly Monday reports to City department heads
- External
  - As requested by City Manager, frequent status reports to Board of Supervisors
  - Media relations – since Nov. 5, 2009 – 75 published/broadcasted stories from local, regional and national outlets
  - Website: [www.nevadasworkingcapital.com](http://www.nevadasworkingcapital.com) includes:
    - » All presentations and materials
    - » All Board of Supervisors meeting details and materials
    - » All news stories and editorial opinions to date
    - » Maps / Renderings / Facts / FAQ's
    - » Community involvement – reports, needs assessments, meeting minutes
  - Group presentations
  - Many one on one meetings with interested citizens and entities
  - The Carson Nugget Development Advisory Committee

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#9 Negotiate a Fair Deal Structure

# Is there a fair deal structure?

- To be accomplished with master developer selection.

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#10 Build Trust as a Core Value